

CALIFORNIA ENERGY COMMISSION

1516 NINTH STREET
SACRAMENTO, CA 95814-5512



May 1, 2001

TO: AGENCY DISTRIBUTION LIST

REQUEST FOR AGENCY PARTICIPATION IN THE REVIEW OF CALPINE GILROY CITY LM6000 PHASE 1 PROJECT EMERGENCY PERMITTING PROPOSAL (01-EP-8)

On April 26, 2001, the Calpine Corporation, (Calpine) filed an emergency permitting application for the Gilroy City LM6000 Phase 1 project (Gilroy). Calpine submitted supplemental application information May 1, 2001. The Energy Commission staff has reviewed the application and determined it to be complete. This project is being reviewed under Public Resources Code section 25705, which grants the Energy Commission emergency permitting authority, and Executive Order D-26-01, issued February 8, 2001 and Executive Order D-28-01 issued on March 7, 2001. **In Executive Order D-26-01 and D-28-01, the Governor ordered the Energy Commission and other relevant state and local agencies to expedite review of proposed thermal power plants for construction and operation on an emergency basis by September 30, 2001.** Staff has begun an expedited 'fatal-flaw' analysis of the project. A hearing will be held in Gilroy in approximately seven to ten days. Staff expects the Energy Commission to make a final decision on this project within three weeks of the application being found to be complete. **The Commission requests that you send any comments, concerns, or proposed conditions of certification identified by your agency by May 11, 2001.** The application is available at <http://www.energy.ca.gov/sitingcases/peakers>, and is being sent with this letter. Comments should be sent to Bob Eller, the Energy Commission project manager for Gilroy, by e-mail at Beller@energy.state.ca.us. We request that comments be sent in Word 97 format.

The Gilroy project is a 135 megawatt (MW) simple-cycle natural gas fired power plant to be located at the existing Gilroy Co-Gen facility in Gilroy, Santa Clara County, California. The project will consist of three 45 MW natural gas-fired simple-cycle peaking turbines and associated equipment located on 7 acres of agricultural land adjacent to the existing facility. The project will require no new linear facilities and will interconnect to Pacific Gas & Electric's (PG&E) electricity transmission system through a radial tap to PG&E's transmission line located on the site. Natural gas will be supplied through an on-site connection to the existing PG&E natural gas system.

Emissions of NOx will be controlled to 5 ppm by the installation of selective catalytic reduction (SCR) equipment.

Project construction will take approximately two to three months. Calpine will begin commercial operation before September 30, 2001.

ENERGY COMMISSION'S EMERGENCY PERMITTING AUTHORITY

This project is being considered outside of the Energy Commission's normal power plant permitting process. Under Public Resources Code section 25705, if the legislature or the Governor declares a state of energy emergency, the Commission has emergency authority to order the construction and use of generating facilities under terms and conditions it specifies to protect the public interest. This authority can be invoked only if the Legislature or Governor declares a state of emergency and the Commission determines that all reasonable conservation, allocation, and service restriction measures may not alleviate an energy supply emergency. The Governor declared a state of emergency on January 17, 2001. On February 8 and March 7, the Governor issued several executive orders and declared that all reasonable conservation, allocation, and service restriction measures may not alleviate an energy supply emergency.

In Executive Order D-26-01 and D-28-01, the Governor ordered the Energy Commission to expedite the processing of applications for peaking and renewable power plants that can be on line by September 30, 2001. The Governor also declared that these projects are emergency projects under Public Resources Code section 21080(b)(4), and are thereby exempt from the requirements of the California Environmental Quality Act (CEQA). A summary of the emergency permitting process, including the proposed schedule, and a checklist showing the information required in an application, can be found on the web at: <http://www.energy.ca.gov/sitingcases/peakers/documents/index.html>. A copy of this summary is attached to this notice.

ENERGY COMMISSION'S EMERGENCY PERMITTING PROCESS

The first step in the emergency permitting process is for Energy Commission staff to determine whether or not the application contains all the information listed in the application checklist. Staff has determined that the application is complete. Staff has begun a 'fatal-flaw' analysis of the project to determine whether the project should be approved with proposed conditions of certification. The Energy Commission will hold a single public hearing in the local community five to ten days after the application is accepted as complete. This hearing will provide the public, as well as local, state and federal agencies, the opportunity to ask questions about, and provide input on, the proposed project. A notice for this hearing will be mailed, but anyone interested in attending is encouraged to check the project web site. The web site includes instructions for signing up for the project's email list-server.

AGENCY PARTICIPATION

Because the application is accepted as complete, your participation in the proceeding will be important in identifying and suggesting ways to resolve issues of concern to your agency. There may be specific requests for agency review and comment during the

proceeding, though Commission staff anticipates completing its assessment of the project within approximately two weeks of determining the application is complete. If you have questions or would like additional information on how to participate in the Energy Commission's review of the project, please contact Bob Eller, Siting Project Manager, at (916) 651-8835, or by e-mail at Beller@energy.state.ca.us. The status of the project, copies of notices and other relevant documents are also available via the Energy Commission's Internet page at <http://www.energy.ca.gov/sitingcases/peakers>.

Sincerely,

ROBERT L. THERKELSEN, Deputy Director
Systems Assessment & Facilities Siting

Enclosure